Stagnation in Indian Economy

131. MISS SAROJ KHAPARDE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the economy at present appears to be in the grip of stagnation as per an assessment made by the National Council for Applied Economic Research as per the news report appearing in the Times of India of the 23rd December, 1991 entitled "Economy in grip of Stagnation: NCAER report";

(b) if so, what is Government's reaction thereto; and

(c) what corrective steps Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (c) There has been a sectoral recession in industrial production in the first eight months of the current financial year 1991-92. However, other sectors of the economy are likely to show positive growth and the overall growth in the GDP is expected to be between 2 to 3 per cent. The inflationary pressure in the economy has started easing. The annual rate of inflation " as on 8th February, 1992 at 11.8 per cent was lower as compared with 13.7 per cent as on 9th February, 1991. Government have been taking all possible measures to reverse the recessionary trend in industrial production and contain the inflation.

Rise in Wholesale and Consumer Price Index

132. DR. BAPU KALDATE: SHRI M.S. GURUPADA-SWAMY: SHRI SANTOSH KUMAR SAHU: Will the Minister of FINANCE be pleased to state:

(a) what is the percentage of rise in the "Consumer Price Index" at the end of 1991 and how does it compare with the rise at the quarter ending December, 1990, March, 1991, June, 1991 and September, 1991;

(b) what are the reasons for the unabated rise in the Consumer Price Index;

(c) what was the wholesale and retail price index as on the 31st January, 1991, 31st January, 1992 and the 15th February, 1992; and

(d) what measures have been taken by Government to contain it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The quarterly rate of increase in the Consumer Price Index (CPI) for industrial workers (Base: 1982=100) since quarter ending December, 1990 is given below:

Rate of increase in CPI

Quarter ending	Change (%)
December, 1990	4.2
March, 1991	1.0
June, 1991	4.0
September, 1991	5.7
December, 1991	1.8

(b) The unabated rise in the Consumer Price Index is mainly attributable to excess demand arising from the large and persistent fiscal deficits over the years resulting in excessive growth in money supply and a liquidity overhang. There have also been supply and demand imbalances in sensitive commodities like cereals, pulses, edible oils, etc. due to shortfalls in domestic production and constraints in importing desired quantities due to the severe foreign exchange crunch. Some pressure on prices may also have arisen because of increase in procurement/issue prices of some foodgrains and sugar, and administered prices such as coal, petroleum products (other than diesel and kerosene) and electricity.

(c) The wholesale price index (WPI) was 191.1 on 2nd February, 1991 (nearest to 31st January, 1991), 214.2 on 1st February, 1992 (nearest to 31st January, 1992) and 214.4 on 8th February, 1992 (latest available).

The Consumer Price Index (CPI) for